

which are expected to be available from foreign sources for the next 20 or 30 years. It will take very heavy capital investments to produce synthetic fuels from coal and oil shale, and it is unreasonable to expect this investment to be made without a long-term assurance of a reasonable share of the U.S. energy market.

The Department of the Interior in May 1968 released a lengthy study on "Prospects for Oil Shale Development." On page 106 of that study, recognition is given to the point we are making here:

"As reflected in this study, shale-oil production (but with no charge for the resource) may now be marginally attractive at current domestic prices. Domestic oil prices, however, are, in part, dependent on continuation of existing import policies. At least in its early years the emergence of a United States shale-oil industry might appear to be dependent upon either a continuation of import controls or upon other measures which would permit it to compete with other domestic crude sources."

Even our coal—the lowest-cost coal in the world—may lose more of the domestic energy market to foreign residual oil because of premature restrictions on sulfur emissions.

Although the coal industry in the United States can produce coal more economically than it can be produced in any other country, unrealistic regulations on sulfur content of fuels could further reduce coal's share of the energy market, thereby putting an even larger share of our total energy bill "up for grabs" by foreign sources. We hope and believe that economical methods of capturing sulfur in coal-burning plants will be developed within the next few years, but in the meantime we are faced with state and local regulations (stimulated by the federal government) which do not take into account the lag between research and results. For example, the State of New Jersey has adopted a regulation which, if upheld, will in a short period of time ban the use of fuel containing more than three-tenths of one per cent sulfur. The same is true in the New York City area. There is little or no coal in the United States with a sulfur content this low.

As a matter of fact, the Secretary of the Interior has joined the rush to stimulate sulfur restrictions. On May 24, 1968, the Secretary proposed new regulations which would offer increased quotas for the import of foreign crude oil as an incentive to oil companies producing low-sulfur residual oil. This action is entirely inappropriate, since the Secretary is supposedly administering the oil import program for the sole purpose of protecting the national security. Yet the threat posed is real.

Until two and a half years ago there were effective (although very flexible) controls on imports of residual oil, controls which were first applied in 1959. Residual oil imports to the East Coast grew from 172 million barrels in 1959 to 267 million in 1965. With decontrol, residual oil imports to the East Coast grew to 322 million barrels in 1966 and to 345 million barrels in 1967. Total residual oil consumption in the East in 1967 was equivalent to 100,966,000 tons of coal. Domestic producers furnished only 18.1 per cent of this oil, and importers furnished the other 81.9 per cent. This alarming take-over of an important part of our "energy bill" can be further stimulated, even at a net cost to the American consumer, by premature restrictions on sulfur content of fuels.

Even aside from national security and balance-of-trade considerations, it would in the long run cost more to become dependent on international cartels than to use indigenous (even if higher cost) energy.

An energy industry cannot be "turned on" and "turned off" like tap water. A viable energy industry requires steady, long-term maintenance of markets.

It is possible for our Government to protect our consumers against domestic price-fixing. It is not possible, realistically, to protect our consumers against price fixing by international cartels. If we permit our domestic energy industries to atrophy, this country will shortly find itself at the mercy of international cartels, with disastrous results. To illustrate this point, I quote here a short passage (dealing with reliance on foreign uranium) from page 181 of hearings before the Joint Committee on Atomic Energy on the subject of "Uranium Enrichment Services Criteria and Related Matters," August 2, 3, 4, 16 and 17, 1966:

"Mr. BOKUM. First let me really explain how the foreigners operate. You are familiar with the diamond cartel of South Africa.

"You probably recognize or know that both the Canadians and the South Africans have had conversations and meetings to fix a price between them.